

4013

RECEIVED
LEGISLATIVE AUDITOR
2002 DEC 27 AM 10:48

**HOUSING AUTHORITY OF
THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**General Purpose Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
June 30, 2002
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/31/02

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

General Purpose Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
June 30, 2002
With Supplemental Information Schedules

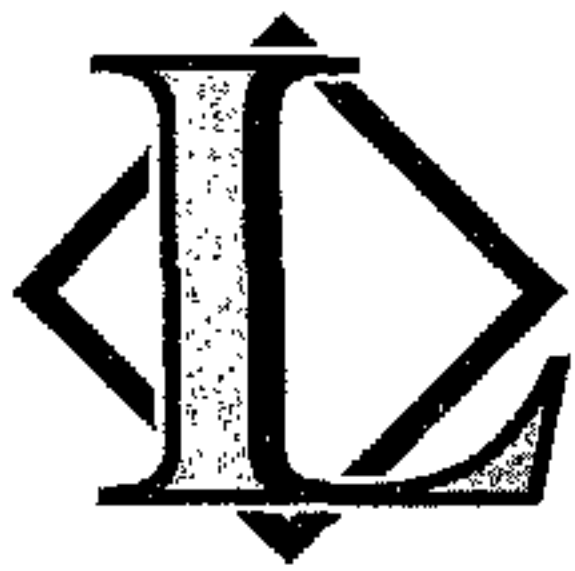
TABLE OF CONTENTS

	<u>Statement</u>	<u>Page No.</u>
Independent Auditors' Report		3
General Purpose Financial Statements:		
Proprietary Fund Type - Enterprise Funds:		
Combined Balance Sheet	A	6
Combined Statement of Revenues, Expenses, and Changes in Fund Equity	B	7
Combined Statement of Cash Flows	C	8
Notes to the Financial Statements		9
	<u>Schedule</u>	<u>Page No.</u>
Supplemental Information Schedules:		
Proprietary Funds		20
Schedule of Compensation Paid Board Members	1	21
Combining Balance Sheet - Enterprise Funds	2	22
Combining Statement of Revenues, Expenses, and Changes in Fund Equity - Enterprise Funds	3	23
Combining Statement of Cash Flows - Enterprise Funds	4	24
Financial Data Schedule	5	26

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
 Bossier City, Louisiana
 Table of Contents

TABLE OF CONTENTS (CONTINUED)

	<u>Schedule</u>	<u>Page No.</u>
Independent Auditors' Reports Required by <i>Government Auditing Standards</i>; OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i>; and the <i>Single Audit Act Amendments of 1996</i>:		
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		31
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133		33
Schedule of Findings and Questioned Costs	6	35
Summary Schedule of Prior Audit Findings	7	38
Corrective Action Plan	8	39
Schedule of Expenditures of Federal Awards	9	40
Statement of Comprehensive Grant Cost Certificate	10	42



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
JAMES C. BOND, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' Report

Board of Commissioners
Housing Authority of
the City of Bossier City
Bossier City, Louisiana

We have audited the accompanying general purpose financial statements of the Housing Authority of the City of Bossier City, Louisiana as of June 30, 2002, and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Housing Authority of the City of Bossier City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Bossier City as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents and the schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Housing Authority of the City of Bossier City, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Board of Commissioners
Housing Authority of the City of Bossier City
Bossier City, Louisiana
Independent Auditors' Report
June 30, 2002

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2002, on our consideration of the Housing Authority of the City of Bossier City, Louisiana's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Little & Associates

Monroe, Louisiana
October 7, 2002

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

Statement A**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana****Combined Balance Sheet - Enterprise Funds
June 30, 2002****ASSETS**

Current assets:

Cash and cash equivalents	\$75,843
Investments	2,654,856
Accounts receivable, net of allowance	97,025
Accounts receivable - miscellaneous	140,313
Interfund receivables	31,496
Prepaid expenses	152,240
Inventory	13,463
Total current assets	<u>3,165,236</u>

Restricted assets:

Cash and cash equivalents	36,979
Investments	45,786
Total restricted assets	<u>82,765</u>

Fixed assets:

Property, plant and equipment (net of accumulated depreciation)	<u>10,945,971</u>
---	-------------------

TOTAL ASSETS

\$14,193,972**LIABILITIES AND FUND EQUITY**

Current liabilities:

Accounts payable	\$132,826
Book overdraft	10,261
Interfund payables	31,496
Deferred revenue	4,079
Total current liabilities	<u>178,662</u>

Current liabilities payable from restricted assets:

Tenant security deposits	<u>82,765</u>
--------------------------	---------------

Non-current liabilities:

Compensated absences	56,938
Total Liabilities	<u>318,365</u>

Fund Equity:

Contributed capital	9,452,414
---------------------	-----------

Retained earnings:

Unreserved	4,423,193
Total Fund Equity	<u>13,875,607</u>

TOTAL LIABILITIES AND FUND EQUITY

\$14,193,972

The accompanying notes are an integral part of this statement.

Statement B

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Combined Statement of Revenues, Expenses, and
Changes in Fund Equity - Enterprise Funds
For the Year Ended June 30, 2002

Operating revenues:	
Rental income	\$1,563,866
Other	48,874
Total operating revenues	<u>1,612,740</u>
Operating expenses:	
Administration	710,670
Tenant services	30,308
Utilities	117,285
Ordinary maintenance and operations	1,043,196
Protective services	287,489
General expenses	494,681
Housing assistance payments	852,522
Depreciation and amortization	836,045
Total operating expenses	<u>4,372,196</u>
Operating income (loss)	<u>(2,759,456)</u>
Non-operating revenues (expenses):	
Federal grants	2,067,338
Gain (loss) on disposition of fixed assets	(470)
Interest earned on deposits	73,686
Gain on casualty	86,567
Total non-operating revenues (expenses)	<u>2,227,121</u>
Net income (loss)	(532,335)
Depreciation on fixed assets by contributions	<u>762,259</u>
Increase (decrease) in retained earnings	229,924
Retained earnings balance at beginning of year	<u>4,193,269</u>
Retained earnings at end of year	<u>4,423,193</u>
Contributed capital at beginning of year	10,214,673
Depreciation transferred from retained earnings	<u>(762,259)</u>
Contributed capital at end of year	<u>9,452,414</u>
Fund equity at end of year	<u><u>\$13,875,607</u></u>

The accompanying notes are an integral part of this statement.

Statement C

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Combined Statement of Cash Flows - Enterprise Funds
For the Year Ended June 30, 2002

Cash flows from operating activities:	
Operating income (loss)	(\$2,759,456)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation and amortization	836,045
Changes in operating current assets and liabilities:	
(Increase) Decrease in:	
Interfund receivables	43,142
Accounts receivable, net of allowance	16,776
Prepaid expenses	(19,758)
Inventory	3,268
Increase (decrease) in:	
Accounts payable	12,205
Book overdraft	10,261
Interfund payables	(30,798)
Deposits due others	3,291
Deferred revenue	(73,781)
Net cash provided by (used by) operating activities	<u>(1,958,805)</u>
Cash flows from financial activities:	
Federal grants	2,067,338
Proceeds from sale of fixed assets	1,308
Purchase of fixed assets	(246,959)
Increase in compensated absences	12,952
Net cash provided by (used by) financing activities	<u>1,834,639</u>
Cash flows from investing activities:	
(Increase) decrease in:	
Investments	(27,588)
Account receivable - miscellaneous	(140,267)
Restricted assets - investments	(5,212)
Insurance proceeds, net	86,567
Interest earnings	73,686
Net cash provided by (used by) investing activities	<u>(12,814)</u>
Net increase (decrease) in cash and cash equivalents	(136,980)
Cash and cash equivalents at beginning of year	<u>249,802</u>
Cash and cash equivalents at end of year	<u><u>\$112,822</u></u>

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Housing Authority of the City of Bossier City, Louisiana (the "Housing Authority") was chartered as a public corporation for the purpose of providing safe and sanitary housing, as authorized by Louisiana Revised Statute 40:391. The Housing Authority is governed by a five member board of commissioners, who are appointed by the Honorable Mayor of the City of Bossier City, Louisiana (the "City"). The members of the board of commissioners serve staggered five year terms without benefit of compensation.

The Housing Authority has the following units:

	<u>Number of Units</u>
PHA Owned Housing	437
Section 8 - New Construction - Cloverdale	180
Non HUD Programs:	
Riverwood	300

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority of the City of Bossier City, Louisiana is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As defined by GASB Statement No. 14, fiscally independent means that the Housing Authority may, without approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of the City of Bossier City, Louisiana since the City appoints a voting majority of the Housing Authority's governing board. The City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Bossier City, Louisiana. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Bossier City, Louisiana.

The accompanying financial statements present information only on the funds maintained by the Housing Authority and do not present information on other units of local government, such as the school board, the police jury, parish police jury, other independently elected parish officials, and municipalities within the parish. Such governmental units are considered separate reporting entities and issue financial statements separate from those of the Housing Authority.

B. FUND ACCOUNTING

The accounts of the Housing Authority are organized and operated on a fund basis whereby a self-balancing set of accounts, which comprise the Housing Authority's assets, liabilities, fund equity, revenues, and expenses, is maintained. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis are financed or recovered primarily through user charges.

All funds of the housing authority are classified as proprietary (enterprise funds).

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary funds are reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGET PRACTICES

The Housing authority adopted budgets for all funds. Budgets for the Comprehensive Improvement Assistance Programs are multiple-year budgets.

HUD approves all budgets for all HUD-funded programs. Such budgets are controlled by fund at the function level. Budgetary amendments require approval of the board of commissioners;

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

however, the Executive Director is authorized to transfer amounts between line items within any fund provided such transfer does not change the total of any function. Monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budgetary integration is employed as a management control device during the year.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits (including interest-bearing), time deposits having an original maturity of ninety days or less, and cash with the fiscal agent. Under state law, the Housing authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Housing Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2002, the Housing authority has cash demand deposits (book balances) totaling \$115,135.

These deposits are stated at cost, which approximates fair value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities held in the name of the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Deposit balances (bank balances) at June 30, 2002, total \$264,871 and are fully covered by federal deposit insurance of \$167,081 plus pledged securities of \$97,790, which are held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

The pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3. However, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

F. INVESTMENTS

Financial instruments having original maturities exceeding ninety days are classified as investments. Investments are reported at either fair value or amortized cost.

G. BAD DEBTS

Uncollectible amounts due from tenants are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate that the amount of the particular receivable is uncollectible.

H. INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables. Interfund receivables/payables eliminations have not been made for the purposes of these financial statements.

I. INVENTORY AND PREPAID EXPENSES

All inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year-end, the amount of inventory is recorded for external financial reporting purposes.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

J. TENANTS' REFUNDABLE SECURITY DEPOSITS

The Housing authority requires tenants to place a deposit before moving into a unit. These deposits are considered restricted and are held until the tenant moves out.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

K. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets of the Housing Authority are included on the balance sheet of the enterprise fund and are recorded at actual cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives as shown:

Buildings	40 years
Building and site improvements	15 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Long-term debt is recognized within the enterprise fund.

L. VACATION AND SICK LEAVE

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave, which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by the employee's retirement or termination date.

M. FUND EQUITY

Reservations represent those portions of fund equity that are not appropriable for expenses or legally segregated for a specific future use.

N. RISK MANAGEMENT

The Housing Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the Housing Authority maintains commercial insurance policies covering property, employee liability, and public officials liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2002.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

O. USE OF ESTIMATES

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

2. INVESTMENTS

At June 30, 2002, the Housing Authority's investments included an investment in a certificate of deposit in a local financial institution. The certificate of deposit is reported in the financial statements at its amortized cost of \$100,000. Furthermore, the certificate of deposit is categorized in Category 1 in the three risk categories provided by GASB Codification Section I50.125.

In addition, at June 30, 2002, the Housing Authority held investments of \$2,600,642, stated at cost, which approximates market value, in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana for the purpose of operating a local government investment pool.

In accordance with GASB Codification Section I50.165, the investment in LAMP at June 30, 2002 is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore is not evidenced by securities that exist in physical or book entry form. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "investment grade commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP is subject to the regulatory oversight of the State Treasurer and it's board of directors. LAMP is not registered with the SEC as an investment company.

3. RESTRICTED ASSETS

Restricted assets at June 30, 2002 are as follows:

Low-rent public housing:	
Investments - tenants' deposits	\$45,786
Business activities:	
Cash and cash equivalents - tenants' deposits	<u>36,979</u>
Total restricted assets	<u><u>\$82,765</u></u>

4. RECEIVABLES

The following is a summary of receivables, net of allowance for doubtful accounts, at June 30, 2002:

	Low Rent Public Housing	Business Activities	Grant Funds	Total
Tenants	\$31,446	\$18,372		\$49,818
Other	46			46
Other - Related Entity		140,267		140,267
Federal Grants			\$50,961	50,961
Total	<u>31,492</u>	<u>158,639</u>	<u>50,961</u>	<u>241,092</u>
Less allowance for doubtful accounts	<u>(3,203)</u>	<u>(551)</u>		<u>(3,754)</u>
Total	<u><u>\$28,289</u></u>	<u><u>\$158,088</u></u>	<u><u>\$50,961</u></u>	<u><u>\$237,338</u></u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

5. FIXED ASSETS

The following presents the changes in fixed assets for the year ended June 30, 2002:

	Balance at July 1, 2001	Additions	Deletions	Balance at June 30, 2002
Land	\$823,011			\$823,011
Buildings and improvements	19,083,823	\$539,259	(\$92,293)	19,530,789
Furniture and equipment	681,091	93,275	(23,459)	750,907
Construction in progress	872,348	208,836	(596,395)	484,789
Total	<u>\$21,460,273</u>	<u>\$841,370</u>	<u>(\$712,147)</u>	<u>\$21,589,496</u>
Less accumulated depreciation:				
Buildings and improvements	\$9,443,470	\$769,665	(\$92,293)	\$10,120,842
Furniture and equipment	479,969	66,380	(23,666)	522,683
Total	<u>9,923,439</u>	<u>836,045</u>	<u>(115,959)</u>	<u>10,643,525</u>
Fixed assets, net	<u>\$11,536,834</u>	<u>\$5,325</u>	<u>(\$596,188)</u>	<u>\$10,945,971</u>

6. INTERFUND RECEIVABLES/PAYABLES

Amounts due from/to other funds at June 30, 2002, are as follows:

	Due from Other Funds	Due to Other Funds
Low Rent Public Housing	\$30,496	1,000
Public Housing Grant Programs	1,000	30,496
Total	<u>\$31,496</u>	<u>\$31,496</u>

7. RETIREMENT SYSTEM

The employees of the Housing Authority of the City of Bossier City participate in the Housing-Renewal and Local Agency Retirement Plan, which is a defined contribution plan. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

All regular, full-time employees are eligible to participate in the plan on the first day of the month following completion of six months of continuous uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 6% of his basic compensation. The Housing Authority makes a monthly contribution equal to 8.5% of each participant's basic compensation. Employees are considered fully vested in the plan after five years of continuous participation. Forfeitures of Housing Authority's contributions and interest earnings by employees who leave before being fully vested are used to offset future contributions by the Housing Authority.

At June 30, 2002 and 2001, the Housing Authority's contributions to the plan totaled \$57,052 and \$52,841, respectively.

8. COMPENSATED ABSENCES

At June 30, 2002, employees of the Housing Authority had accumulated and vested \$56,938 of employee leave benefits, computed in accordance with GASB Codification C60. These amounts are recorded as liabilities within the fund from which payment will be made.

The cost of leave privileges, computed in accordance with the previous codification, is recognized as a current year expenditure within the various funds when leave is actually taken or when employees are paid for accrued annual leave upon resignation or retirement, while the cost of leave privileges not requiring current resources is considered a long-term obligation.

9. LONG-TERM OBLIGATIONS

Long-term obligations consist solely of compensated absences. The following is a summary of long-term obligations for the year ended June 30, 2002:

Balance at July 1, 2001	\$43,986
Additions	12,952
Retirements	<u>NONE</u>
Balance at June 30, 2002	<u><u>\$56,938</u></u>

10. LITIGATION AND CLAIMS

At June 30, 2002, the Housing Authority is not involved in any known pending or threatened litigation, nor is it aware of any unasserted claims.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

11. COMMITMENTS AND CONTINGENCIES

The Housing Authority operates in accordance with the requirements of two Annual Contribution Contracts. The Housing Authority's noncompliance with such contracts may result in a reduction of funding from HUD.

There are certain major construction projects in progress at June 30, 2002. These projects are funded by HUD. Funds are requested periodically as the cost is incurred.

The Housing Authority participates in a number of federal grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

12. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2002, Riverwood Apartments (Business Activities) advanced \$140,267 to Eagle Point Development I, Limited Partnership ("Eagle Point"), an affiliated entity. Eagle Point was organized by the Housing Authority for the purpose of acquiring and rehabilitating Riverwood Apartments in accordance with the Low-Income Housing Tax Credit program. The funds advanced to Eagle Point were derived from non-federal sources and were utilized for the payment of development costs incurred by Eagle Point.

13. RECLASSIFICATIONS

The beginning balances in Retained Earnings and Contributed Capital, as reported in the Statement of Revenues, Expenses, and Changes in Fund Equity - Enterprise Funds, have been restated to reflect the reclassification of \$32,309 in fund equity from Contributed Capital to Retained Earnings.

SUPPLEMENTAL INFORMATION SCHEDULES

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

**Bossier City, Louisiana
Supplemental Information Schedules
For the Year Ended June 30, 2002**

PROPRIETARY FUNDS

LOW RENT PUBLIC HOUSING

The purpose of the low rent public housing fund is to provide safe, decent and affordable housing opportunities for lower income families. Operating subsidies are received to achieve and maintain adequate operating and maintenance service and reserves.

PUBLIC HOUSING GRANT PROGRAMS

The public housing grant program funds were created to improve the physical quality of housing to lower income households through modernization and development.

NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION - SECTION 8

The Section 8 New Construction and Substantial Rehabilitation program (CFDA #14.182) provides housing assistance payments to participating owners on behalf of eligible tenants to provide safe, decent and sanitary housing for very low income families at rents they can afford. The New Construction and Substantial Rehabilitation (Cloverdale) fund was established to account for these funds. Housing assistance payments are used to make up the difference between the approved rent due the owner for the unit and the occupant family's required contribution toward the rent.

BUSINESS ACTIVITIES

The Business Activities (Riverwood) fund accounts for the activity of a 300-unit multifamily complex acquired by the Housing Authority from HUD in September 1995.

DRUG ELIMINATION GRANT FUND

Certain federal programs provide assistance for eliminating drug problems in public housing. The Drug Elimination Grant Fund was established to account for these funds.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2002

The members of the Board of Commissioners serve a staggered five-year term without compensation. The Board consists of the following members at June 30, 2002:

Ms. Vita M. Gregorio
Chairperson
414 Highland Drive
Bossier City, LA 71112
(318) 747-0671

Mr. Johnny A. Benson
9875 Mansfield Road
Shreveport, LA 71118
(318) 422-1183

Mr. Charles Maxie
1403 Gibson Circle
Bossier City, LA 71112
(318) 741-3138

Ms. Clara M. Taylor
1773 Southview Drive
Bossier City, LA 71111
(318) 747-0369

Mr. Francisco (Frank) Vela
Vice-Chairperson
3635 Green Acres Place, #352
Bossier City, LA 71111
(318) 752-4912

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Combining Balance Sheet - Enterprise Funds
June 30, 2002

	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING GRANT PROGRAMS	NEW CONSTRUCTION AND SUBSTANTIAL REHAB -SECTION 8- CLOVERDALE	BUSINESS ACTIVITIES - RIVERWOOD	DRUG ELIMINATION GRANT	TOTAL
ASSETS						
Current assets:						
Cash and cash equivalents	\$12,340		\$63,503			\$75,843
Investments	1,671,329			\$983,527		2,654,856
Accounts receivable, net of allowance	28,243	\$30,496	20,465	17,821		97,025
Accounts receivable - miscellaneous	46			140,267		140,313
Interfund receivables	30,496	1,000				31,496
Prepaid expenses	106,128			46,112		152,240
Inventory	13,463					13,463
Total current assets	1,862,045	31,496	83,968	1,187,727		3,165,236
Restricted assets:						
Cash and cash equivalents				36,979		36,979
Investments	45,786					45,786
Total restricted assets	45,786			36,979		82,765
Fixed assets:						
Property, plant and equipment (net of accumulated depreciation)	7,788,751	1,563,777		1,593,443		10,945,971
TOTAL ASSETS	\$9,696,582	\$1,595,273	\$83,968	\$2,818,149	NONE	\$14,193,972
LIABILITIES AND FUND EQUITY						
Current liabilities						
Accounts payable	\$65,316		\$51,962	\$15,548		\$132,826
Book overdraft				10,261		10,261
Interfund payables	1,000	30,496				31,496
Deferred revenue	991	1,000		2,088		4,079
Total current liabilities	67,307	31,496	51,962	27,897		178,662
Current liabilities payable from restricted assets:						
Tenant security deposits	45,786			36,979		82,765
Non-current liabilities:						
Compensated absences	49,990			6,948		56,938
Total liabilities	163,083	31,496	51,962	71,824		318,365
Fund Equity:						
Contributed capital	7,329,955	799,610		1,322,849		9,452,414
Retained earnings:						
Unreserved	2,203,544	764,167	32,006	1,423,476		4,423,193
Total fund equity	9,533,499	1,563,777	32,006	2,746,325		13,875,607
TOTAL LIABILITIES AND FUND EQUITY	\$9,696,582	\$1,595,273	\$83,968	\$2,818,149	NONE	\$14,193,972

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Combining Statement of Revenues, Expenses, and Changes in Fund Equity - Enterprise Funds
For the Year Ended June 30, 2002

	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING GRANT PROGRAMS	NEW CONSTRUCTION AND SUBSTANTIAL REHAB -SECTION 8- CLOVERDALE	BUSINESS ACTIVITIES - RIVERWOOD	DRUG ELIMINATION GRANT	TOTALS
OPERATING REVENUES						
Rental income	\$531,444			\$1,032,422		\$1,563,866
Other	31,175			17,699		48,874
Total operating revenues	<u>562,619</u>			<u>1,050,121</u>		<u>1,612,740</u>
OPERATING EXPENSES						
Administration	326,676	\$150,417	\$26,379	207,198		710,670
Tenant services	10,788	1,840		17,680		30,308
Utilities	60,169			57,116		117,285
Ordinary maintenance and operations	584,957			458,239		1,043,196
Protective services				120,096	\$167,393	287,489
General expenses	359,254			135,427		494,681
Housing assistance payments			852,522			852,522
Depreciation and amortization	666,738	105,171		64,136		836,045
Total operating expenses	<u>2,008,582</u>	<u>257,428</u>	<u>878,901</u>	<u>1,059,892</u>	<u>167,393</u>	<u>4,372,196</u>
OPERATING INCOME (LOSS)	<u>(1,445,963)</u>	<u>(257,428)</u>	<u>(878,901)</u>	<u>(9,771)</u>	<u>(167,393)</u>	<u>(2,759,456)</u>
NON-OPERATING REVENUES (EXPENSES)						
Federal grants	449,062	569,090	881,793		167,393	2,067,338
Gain (loss) on disposition of fixed assets	383			(853)		(470)
Interest earned on deposits	48,534		1,198	23,954		73,686
Gain on casualty	2,538			84,029		86,567
Operating transfers	180,046	(180,046)				NONE
Total non-operating revenues (expenses)	<u>680,563</u>	<u>389,044</u>	<u>882,991</u>	<u>107,130</u>	<u>167,393</u>	<u>2,227,121</u>
NET INCOME (LOSS)	<u>(765,400)</u>	<u>131,616</u>	<u>4,090</u>	<u>97,359</u>	<u>NONE</u>	<u>(532,335)</u>
Depreciation on fixed assets by contributions	<u>620,311</u>	<u>105,171</u>		<u>36,777</u>		<u>762,259</u>
Increase (decrease) in retained earnings	(145,089)	236,787	4,090	134,136	NONE	229,924
Retained earnings balance at beginning of year	<u>2,348,633</u>	<u>527,380</u>	<u>27,916</u>	<u>1,289,340</u>		<u>4,193,269</u>
Retained earnings at end of year	<u>2,203,544</u>	<u>764,167</u>	<u>32,006</u>	<u>1,423,476</u>	<u>NONE</u>	<u>4,423,193</u>
Contributed capital at beginning of year	7,950,266	904,781		1,359,626		10,214,673
Depreciation transferred from retained earnings	(620,311)	(105,171)		(36,777)		(762,259)
Contributed capital at end of year	<u>7,329,955</u>	<u>799,610</u>	<u>NONE</u>	<u>1,322,849</u>	<u>NONE</u>	<u>9,452,414</u>
FUND EQUITY AT END OF YEAR	<u>\$9,533,499</u>	<u>\$1,563,777</u>	<u>\$32,006</u>	<u>\$2,746,325</u>	<u>NONE</u>	<u>\$13,875,607</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Combining Statement of Cash Flows - Enterprise Funds
For the Year Ended June 30, 2002

	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING GRANT PROGRAMS	NEW CONSTRUCTION AND SUBSTANTIAL REHAB -SECTION 8- CLOVERDALE	BUSINESS ACTIVITIES - RIVERWOOD	DRUG ELIMINATION GRANTS	TOTALS
Cash flows from operating activities:						
Operating income (loss)	(\$1,445,963)	(\$257,428)	(\$878,901)	(\$9,771)	(\$167,393)	(\$2,759,456)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	666,738	105,171		64,136		836,045
Changes in operating current assets and liabilities:						
(Increase) Decrease in:						
Interfund receivables	44,142	(1,000)				43,142
Accounts receivable, net of allowance	6,333	29,605	(20,465)	1,303		16,776
Prepaid expenses	(15,312)			(4,446)		(19,758)
Inventory	3,268					3,268
Increase (decrease) in:						
Accounts payable	(41,369)		50,465	3,109		12,205
Book overdraft				10,261		10,261
Interfund payables	1,000	(29,605)	(2,173)	(20)		(30,798)
Deposits due others	5,212			(1,921)		3,291
Deferred revenue	(317)	1,000	(76,297)	1,833		(73,781)
Net cash provided by (used by) operating activities	(776,268)	(152,257)	(927,371)	64,484	(167,393)	(1,958,805)
Cash flows from financial activities:						
Operating transfers in (out)	180,046	(180,046)				NONE
Federal grants	449,062	569,090	881,793		167,393	2,067,338
Proceeds from sale of fixed assets	798			510		1,308
Purchase of fixed assets		(236,787)		(10,172)		(246,959)
Increase in compensated absences	6,004			6,948		12,952
Net cash provided by (used by) financing activities	635,910	152,257	881,793	(2,714)	167,393	1,834,639
Cash flows from investing activities:						
(Increase) decrease in:						
Investments	13,261			(40,849)		(27,588)
Account receivable - miscellaneous				(140,267)		(140,267)
Restricted assets - investments	(5,212)					(5,212)
Insurance proceeds, net	2,538			84,029		86,567
Interest earnings	48,534		1,198	23,954		73,686
Net cash provided by (used by) investing activities	59,121	NONE	1,198	(73,133)	NONE	(12,814)

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Combining Statement of Cash Flows - Enterprise Funds (Continued)
For the Year Ended June 30, 2002

	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING GRANT PROGRAMS	NEW CONSTRUCTION AND SUBSTANTIAL REHAB -SECTION 8- CLOVERDALE	BUSINESS ACTIVITIES - RIVERWOOD	DRUG ELIMINATION GRANTS	TOTALS
Net increase (decrease) in cash and cash equivalents	(81,237)	NONE	(44,380)	(11,363)	NONE	(136,980)
Cash and cash equivalents at beginning of year	<u>93,577</u>		<u>107,883</u>	<u>48,342</u>		<u>249,802</u>
Cash and cash equivalents at end of year	<u>\$12,340</u>	<u>NONE</u>	<u>\$63,503</u>	<u>\$36,979</u>	<u>NONE</u>	<u>\$112,822</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2002

Line Item #	Account Description	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING GRANT PROGRAMS	NEW CONSTR. AND SUBSTANTIAL REHAB -SECTION 8- CLOVERDALE	BUSINESS ACTIVITIES - RIVERWOOD	DRUG ELIMINATION GRANT	TOTALS
111	Cash - unrestricted	\$12,340		\$63,503			\$75,843
114	Cash - tenant security deposits				36,979		36,979
100	Total Cash	<u>12,340</u>		<u>63,503</u>	<u>36,979</u>		<u>112,822</u>
122	Accounts receivable - HUD other projects		\$30,496	20,465			50,961
125	Accounts receivable - miscellaneous				140,267		140,267
126	Accounts receivable - tenants - dwelling rents	12,115			18,372		30,487
126	Allowance for doubtful accounts - dwelling rents	(848)			(551)		(1,399)
128	Fraud recovery	19,331					19,331
128.1	Allowance for doubtful accounts - fraud	(2,355)					(2,355)
129	Accrued interest receivable	<u>46</u>					<u>46</u>
120	Total receivables, net of allowances for doubtful accounts	<u>28,289</u>	<u>30,496</u>	<u>20,465</u>	<u>158,088</u>		<u>237,338</u>
131	Investments - unrestricted	1,671,329			983,527		2,654,856
132	Investments - restricted	45,786					45,786
142	Prepaid expenses and other assets	106,128			46,112		152,240
143	Inventories	13,463					13,463
144	Inter-program - due from	30,496	1,000				31,496
150	Total current assets	<u>1,907,831</u>	<u>31,496</u>	<u>83,968</u>	<u>1,224,706</u>		<u>3,248,001</u>
161	Land	723,011			100,000		823,011
162	Buildings	14,958,873	1,046,267		1,706,026		17,711,166
163	Furniture, equipment & machinery - dwellings	192,267	45,730				237,997
164	Furniture, equipment & machinery - administration	336,806	149,281		26,823		512,910
165	Leasehold improvements	1,819,622					1,819,622
166	Accumulated depreciation	(10,241,828)	(162,290)		(239,406)		(10,643,524)
167	Construction in progress		484,789				484,789
160	Total fixed assets, net of accumulated depreciation	<u>7,788,751</u>	<u>1,563,777</u>		<u>1,593,443</u>		<u>10,945,971</u>
180	Total non-current assets	<u>7,788,751</u>	<u>1,563,777</u>		<u>1,593,443</u>		<u>10,945,971</u>
190	Total assets	<u>\$9,696,582</u>	<u>\$1,595,273</u>	<u>\$83,968</u>	<u>\$2,818,149</u>	<u>NONE</u>	<u>\$14,193,972</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2002

Line Item #	Account Description	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING GRANT PROGRAMS	NEW CONSTR. AND SUBSTANTIAL REHAB -SECTION 8- CLOVERDALE	BUSINESS ACTIVITIES - RIVERWOOD	DRUG ELIMINATION GRANT	TOTALS
311	Bank overdraft				\$10,261		\$10,261
312	Accounts payable < =90 days	\$17,753		\$51,962	15,548		85,263
321	Accrued wages/payroll taxes payable	335					335
322	Accrued compensated absences	14,885			6,062		20,947
333	Accounts payable - other government	47,128					47,128
341	Tenant security deposits	45,786			36,979		82,765
342	Deferred revenues	1,091	\$1,000		2,088		4,179
347	Inter-program due to	1,000	30,496				31,496
310	Total current liabilities	127,978	31,496	51,962	70,938		282,374
353	Non-current liabilities - other	35,105			886		35,991
350	Total non-current liabilities	35,105			886		35,991
300	Total liabilities	163,083	31,496	51,962	71,824		318,365
504	Net HUD PHA contributions	7,329,955	799,610				8,129,565
507	Other contributions				1,322,849		1,322,849
508	Total contributed capital	7,329,955	799,610		1,322,849		9,452,414
512	Undesignated fund balance/ retained earnings	2,203,544	764,167	32,006	1,423,476		4,423,193
513	Total equity	9,533,499	1,563,777	32,006	2,746,325		13,875,607
600	Total liabilities and equity	\$9,696,582	\$1,595,273	\$83,968	\$2,818,149	NONE	\$14,193,972

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2002

Line Item #	Account Description	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING GRANT PROGRAMS	NEW CONSTR. AND SUBSTANTIAL REHAB -SECTION 8- CLOVERDALE	BUSINESS ACTIVITIES - RIVERWOOD	DRUG ELIMINATION GRANT	TOTALS
703	Net tenant rental revenue	\$531,444			\$1,032,422		\$1,563,866
704	Tenant revenue - other	10,311			17,699		28,010
705	Total tenant revenue	541,755			1,050,121		1,591,876
706	HUD PHA operating grants	449,062	\$332,303	\$881,792		\$167,393	1,830,550
706.1	Capital Grants		236,787				236,787
711	Investment income-unrestricted	48,534		1,198	23,954		73,686
715	Other revenue	80,506			97,309		177,815
716	Gain/loss on sale of fixed assets	383			(853)		(470)
700	Total revenue	1,120,240	569,090	882,990	1,170,531	167,393	3,910,244
911	Administrative salaries	237,838	64,776	19,821	145,318		467,753
912	Auditing fees	5,500		2,000	3,500		11,000
913	Outside management fees				20,864		20,864
914	Compensated absences	6,199			6,948		13,147
915	Employee benefit contributions administrative	82,635	24,064	3,880	54,933		165,512
916	Other operating - administrative	120,577	61,577	677	26,936		209,767
924	Tenant services - other	10,788	1,840		17,680		30,308
931	Water	34,589			26,833		61,422
932	Electricity	22,354			28,102		50,456
933	Gas	3,227			2,183		5,410
941	Ordinary maintenance and operations - labor	168,579			74,071		242,650
942	Ordinary maintenance and operations - materials/other	124,162			150,798		274,960
943	Ordinary maintenance and operations - contract costs	234,072			186,339		420,411
945	Employee benefit contributions - ordinary maintenance	58,147			27,056		85,203
952	Protective services - other contract costs				120,096	167,393	287,489
961	Insurance premiums	140,390			58,005		198,395
962	Other general expenses	5,471					5,471
963	Payments in lieu of taxes	47,127					47,127
964	Bad debts - tenant rents	37,833			26,122		63,955
969	Total operating expenses	1,339,488	152,257	26,378	975,784	167,393	2,661,300
970	Excess operating revenue over operating expenses	(219,248)	416,833	856,612	194,747	NONE	1,248,944
971	Extraordinary maintenance				20,339		20,339
972	Casualty losses - non- capitalized	57,105			12,913		70,018
973	Housing assistance payments			852,522			852,522
974	Depreciation expense	666,738	105,171		64,136		836,045
975	Fraud losses	2,355					2,355
900	Total expenses	2,065,686	257,428	878,900	1,073,172	167,393	4,442,579

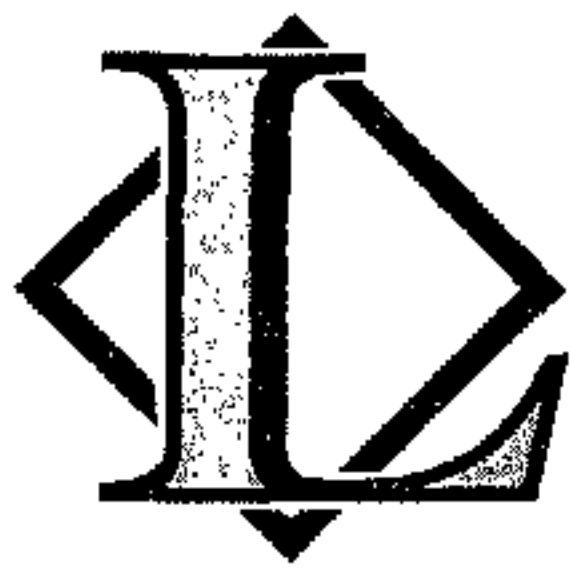
HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2002

Line Item #	Account Description	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING GRANT PROGRAMS	NEW CONSTR. AND SUBSTANTIAL REHAB -SECTION 8- CLOVERDALE	BUSINESS ACTIVITIES - RIVERWOOD	DRUG ELIMINATION GRANT	TOTALS
1001	Operating transfers in	180,046					180,046
1002	Operating transfers out		(180,046)				(180,046)
1010	Total other financing sources(uses)	180,046	(180,046)				NONE
1000	Excess (deficiency) of operating revenue over (under) expenses	<u>(\$765,400)</u>	<u>\$131,616</u>	<u>\$4,090</u>	<u>\$97,359</u>	<u>NONE</u>	<u>(\$532,335)</u>
1103	Beginning equity	10,298,899	1,432,161	27,916	2,648,966	NONE	14,407,942
1112	Depreciation add back	620,311	105,171		36,777		762,259
1115	Contingency reserve, ACC program reserve			680,083			680,083
1116	Total annual contributions available	<u>NONE</u>	<u>NONE</u>	<u>680,083</u>	<u>NONE</u>	<u>NONE</u>	<u>680,083</u>
1120	Unit months available	5,074	NONE	2,160	3,600	NONE	10,834
1121	Number of unit months leased	5,002	NONE	2,100	3,543	NONE	10,645

**Independent Auditors' Reports
on Compliance with
Laws, Regulations, Contracts, and Grants,
and Internal Control**

The following independent auditors' reports on compliance with laws, regulations, contracts, and grants and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *Single Audit Act Amendments of 1996*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
JAMES C. BOND, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Compliance and
Internal Control Over Financial Reporting Based
on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Board of Commissioners
Housing Authority of
the City of Bossier City
Bossier City, Louisiana

We have audited the general purpose financial statements of the Housing Authority of the City of Bossier City, Louisiana as of and for the year ended June 30, 2002, and have issued our report thereon dated October 7, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Bossier City, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Bossier City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not

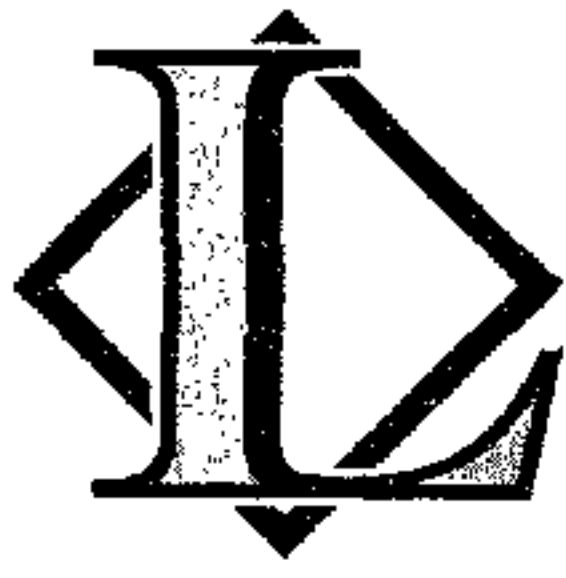
Board of Commissioners
Housing Authority of the City of Bossier City
Bossier City, Louisiana
Independent Auditors' Report on Compliance
And Internal Control Over Financial Reporting, etc.
June 30, 2002

be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Commissioners and management of the Housing Authority of the City of Bossier City, Louisiana, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Little & Associates

Monroe, Louisiana
October 7, 2002



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
JAMES C. BOND, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Compliance
With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance
With OMB Circular A-133**

Board of Commissioners
Housing Authority of
the City of Bossier City
Bossier City, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Bossier City, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2002. The Housing Authority of the City of Bossier City, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Housing Authority of the City of Bossier City, Louisiana. Our responsibility is to express an opinion on the Housing Authority of the City of Bossier City, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Bossier City, Louisiana's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of the City of Bossier City, Louisiana's compliance with those requirements.

Board of Commissioners
Housing Authority of the City of Bossier City
Bossier City, Louisiana
Independent Auditors' Report on Compliance
With Requirements Applicable to Each Major
Program and Internal Control Over Compliance, etc.
June 30, 2002

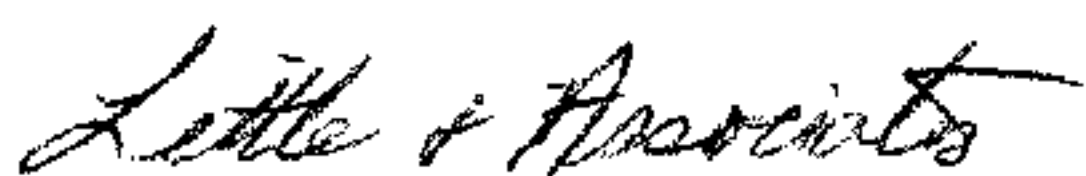
In our opinion, the Housing Authority of the City of Bossier City, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. However, the results of auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 02-01 and 02-02.

Internal Control Over Compliance

The management of the Housing Authority of the City of Bossier City, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the City of Bossier City, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners and management of the Housing Authority of the City of Bossier City, Louisiana, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Monroe, Louisiana
October 7, 2002

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

A. SUMMARY OF AUDIT RESULTS

Financial Statement Audit

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the Housing Authority of the City of Bossier City, Louisiana.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Housing Authority of the City of Bossier City, Louisiana were disclosed during the audit.

Audit of Federal Awards

4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Housing Authority of the City of Bossier City, Louisiana expresses an unqualified opinion on all major programs.
6. Audit findings relevant to the major federal award programs for the Housing Authority of the City of Bossier City, Louisiana are reported in this schedule.
7. The programs tested as major programs included:

CFDA #14.850	Public and Indian Housing
CFDA #14.182	Section 8 New Construction and Substantial Rehabilitation
CFDA #14.872	Public Housing Capital Fund
8. The threshold used for distinguishing Type A and B programs was \$300,000.
9. The Housing Authority of the City of Bossier City, Louisiana does not qualify as a low-risk auditee.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

Public and Indian Housing - CFDA #14.850

Section 8 New Construction and Substantial Rehabilitation - CFDA #14.182

Finding 02-01

Condition and Criteria: HUD has guidelines for calculating tenant income. A total of fifty-eight tenant files were selected for testing tenant eligibility compliance. The testing of the tenant files detected that the tenant income for five tenants had not been calculated correctly.

Effect: The amount of monthly rent charged these tenants are not correct.

Cause: Unknown

Recommendation: Housing Authority personnel responsible for calculating tenant income should review HUD's guidelines relevant to this matter. Also, the Housing Authority should continue its periodic reviews of tenant files. Such reviews should include recalculating tenant income.

Finding 02-02

Condition and Criteria: HUD guidelines require that verification of tenant income be obtained in order to determine tenant income. A total of fifty-eight tenant files were selected for testing tenant eligibility compliance. The testing of the tenant files detected the following instances of noncompliance:

- In seven instances, the documentation utilized to determine tenant income was incomplete or was not deemed to be an acceptable form of verification per HUD guidelines.
- In four instances, management reported that third party verification documents had been obtained; however, such documents could not be located in the files.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

Effect: Tenant income may be understated which may result in incorrect monthly rent charges to the tenants.

Cause: Unknown

Recommendation: Housing Authority personnel responsible for verifying tenant income should review HUD's guidelines relevant to this matter. In addition, the Housing Authority should continue its periodic reviews of tenant files. Such reviews should include determining that acceptable verifications of tenant income have been obtained.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2002

Finding 01-01

Tests of tenant files - Two of 42 files had inaccurate calculations of expected income, and seven of 42 files had no copy of documents used to verify income.

Status: Finding repeated. See Findings 02-01 and 02-02 in the Schedule of Findings and Questioned Costs for the year ended June 30, 2002.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Corrective Action Plan
For the Year Ended June 30, 2002

Our corrective action plan is as follows:

Finding 02-01

Condition Found: Tenant incomes were not calculated correctly.

Corrective Action Planned: Housing Authority personnel responsible for calculating tenant income will review HUD's guidelines relevant to this matter. Also, the Housing Authority will continue its periodic reviews of tenant files. Such reviews will include recalculating tenant income.

Finding 02-02

Condition Found: Verifications of tenant income were not adequate.

Corrective Action Planned: Housing Authority personnel responsible for verifying tenant income will review HUD's guidelines relevant to this matter. Furthermore, in the future, acceptable verifications will be obtained for all tenants. In addition, the Housing Authority will continue its periodic reviews of tenant files. Such reviews will include determining that acceptable verifications of tenant income have been obtained.

Person Responsible for Corrective Action:

Mr. Bill Hensley, Executive Director
Housing Authority of the City of Bossier City
805 First Street East
Bossier City, Louisiana 71171
Telephone: (318) 549-1556, Ext. 13
Fax: (318) 549-3810

Schedule 9**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**
Bossier City, Louisiana**Schedule of Expenditures of Federal Awards**
For the Year Ended June 30, 2002

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Public and Indian Housing*	14.850	N/A	\$449,062
Section 8 New Construction and Substantial Rehabilitation*	14.182	N/A	881,793
Drug-Elimination Grant	14.854	N/A	167,393
Public Housing Capital Fund*	14.872	N/A	<u>570,090</u>
Total U.S. Department of Housing and Urban Development			<u>\$2,068,338</u>

* Indicates major program.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's general purpose financial statements.

2. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's general purpose financial statements as follows:

Low Rent Public Housing	\$449,062
New Construction and Substantial Rehabilitation - Section 8	881,793
Drug-Elimination Grant	167,393
Public Housing Grant Programs (Revenues - \$569,090 and Deferred Revenue - \$1,000)	<u>570,090</u>
Total	<u><u>\$2,068,338</u></u>

4. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with U. S. generally accepted accounting principles.

5. FEDERAL AWARDS

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority's operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to fiscal agents for holders of the Housing Authority bonds or for the Housing Authority notes held by the Federal Financing Bank are not considered when determining if the Single Audit Act "federal awards expended" threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Statement of Comprehensive Grant Cost Certificate
For the Year Ended June 30, 2002

PHA OWNED HOUSING (ACC FW 1144)

1. The actual modernization costs for the completed modernization program is as follows:

	Grant LA-48-PO42- 706-98
	<u> </u>
Funds Approved	\$619,605
Funds Expended	<u>619,605</u>
Excess of Funds Approved	<u><u>NONE</u></u>
Funds Advanced	\$619,605
Funds Expended	<u>619,605</u>
Excess of Funds Advanced	<u><u>NONE</u></u>

2. The distribution of costs as shown on the Actual Comprehensive Grant Certificate dated August 22, 2001, for the above project is in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been charged through payment.